



Office of the Ulster County Comptroller

Snap Shot of Local Clothing Donation Bins

December 14, 2015

The spirit of the season finds many of us donating coats, hats and a variety of clothing to help the needs of others as the holidays approach. The generous donations find their way into one of several charitable stores or church run thrift shops but many people have turned to roadside collection boxes that have begun proliferating our parking lots and street corners. While communities have been willing to tolerate them, assuming that they have been put in place to serve the public good, not all of these boxes are created equal.

Planet Aid is a not for-profit organization that operates a large number of clothing donation boxes in Ulster County, however most of the benefit received from these donations are not staying in Ulster County. USAgain and Rock Solid Provisions each operate dozens of clothing donation boxes in Ulster County, but only USAgain openly states on their boxes that they are a for-profit organization.¹

Contributing to these donation boxes helps keep reusable clothing out of landfills while providing a tangible benefit to people that otherwise could not afford such goods.

In many cases, the bins provide a valuable charitable asset; however, it is important that we regulate their usage so communities are not inundated and residents of Ulster County are well informed prior to making a donation as to whom or what entity will potentially profit from any proceeds.

Why analyze local clothing donation bins?

The objectives of this analysis were to:

1. Determine who ultimately received the benefit, monetary or otherwise, of the donation;
2. Determine the nature of the organizations that are placing and operating these bins; and
3. Decide what policy changes should be made and implemented regarding the treatment of these bins.

What did the data tell us?

In reviewing the organizations that manage these bins, we found that a large number of them are **for-profit businesses**. Thus, the benefits associated with donated pieces of clothing are going directly to the company that operates the container.

Our local laws should require more disclosure and transparency concerning terms and markings on these bins in order to help the public make an informed decision as to whom will be profiting from the use or sale of the items.² Legislation should be crafted that requires clothing bin operators to conspicuously provide: (i) contact information, including the company's name, telephone number, and address, and (ii) a statement of the company's status as a for-profit or not for-profit organization.

1. See appendix B for more information on these three organizations

2. Sample legislation, NJ Public Law 2007 Chapter 209 and CT Law Section 21a-430 Donation Bins.

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In addition to these disclosures, a for-profit company that displays the name of a charity or religious organization should be obligated to note what amount of donations are actually going to that charity. A large number of businesses that oversee these bins receive a small monthly payment that may be based on the amount of donations received over a period of time. However, that figure may pale in comparison to the money a clothing bin operator is profiting from selling the donated items. As part of a recent settlement with the New York Attorney General, the for-profit company, Thrift Land USA, was required to disclose the percentage of sales proceeds that bin operators actually give to the charitable organizations.³

What other changes should be implemented?

The Secondary Materials and Recycled Textiles (SMART) organization has listed several recommendations for effective clothing donation bin regulations.⁴ One such regulation would mandate companies that operate these charitable receptacles to file a certificate with the county and obtain a permit before placing them. Requiring an annually renewed permit for each bin prior to installation would provide the county with valuable information about each company while providing small revenue stream if a reasonable fee was attached to each permit application.

3. New York Attorney General Eric Schneiderman, www.ag.ny.gov/press-release/ag-schneiderman-announces-700k-settlement-operator-clothing-donation-bin-charity-scam

4. SMART recommendations, http://www.smartasn.org/government/SMART_bin_position_documents.pdf

Charging for a permit application – usually at about twenty-five dollars or so – is commonly practiced across other jurisdictions in which regulations have been implemented.

Clothing donation bin operators should be restricted by local ordinances and held more accountable for the condition of their bins and the immediate surrounding area. It is not uncommon to see garbage bags, mattresses or litter around the location. The bin owners should be required to maintain their collection boxes, empty them and keep the property and area surrounding clothing donation bins safe. If these conditions are not met, provisions should be in place allowing the municipality to levy fines to non-compliant companies or ban them from the community as outlined in a local law. Fineable offenses, as suggested by SMART, may include unlawful placement of collection boxes, failure to respond to maintenance requests in a timely manner, or failure to maintain the immediate area around the clothing donation bins.

We recommend enacting a regulatory policy on clothing donation bins at both the local and the county level. These containers, as currently operated, do not provide enough information to potential contributors for them to be able to make an informed decision as to whom their donation is ultimately assisting. In addition to more disclosure, further regulations regarding the placement and maintenance of these bins will protect the health and safety of Ulster County residents.

Appendix A:

A.1 One not for-profit bin and one for-profit bin at the same location



Pictured above are two clothing donation receptacles at the same location. One of them states its status as a tax exempt charity. The other receptacle is not labelled as either a for-profit or a not for-profit; however, it is operated by a for-profit organization. Requiring these organizations to state their status would help potential donors make an informed decision. For more information on Planet Aid and Rock Solid Provisions, refer to appendix B.1 and B.3 respectively.

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A.2 Bin that is labelled as a for-profit business



The picture above is a good example of a receptacle stating that it is operated by a for-profit business. With more regulations, all receptacles that are owned by for-profit entities would be labelled as this one is. For more information on USAGain, refer to appendix B.2.

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Appendix B:

B.1 Planet Aid

Planet Aid is a registered 501c(3) charitable organization as classified by the IRS. It is listed under the NTEE, National Taxonomy of Exempt Entities, as an International Relief Organization. According to the form 990 filled out by Planet Aid Inc, its mission is to “*Protect the Environment, Reduce waste, and increase the efficient use of vital resources. Strengthen and organize communities. Reduce poverty and promote small enterprise development. Support sustainable local food production. Improve access to training and quality education. Increase Health awareness and encourage healthy lifestyles. Foster direct cooperation and understanding among peoples across the planet. Help disadvantaged populations of the world create lasting positive change.*” Planet Aid was formed in 1997 and its headquarters are located on 6730 Santa Barbara Court in Elkridge, Maryland. The leadership includes: Chairman Michael Norling, President Ester Neltrup, CFO Thomas Meehan, and Treasurer Jytte Martinussen. Other Directors include Clifford Reeves, Eva Nielsen, and Alfred Besa.

Planet Aid operated over 20,000 clothing collection bins in the United States. They maintain and service all clothing bins, which can be obtained by requesting a bin on the Planet Aid website. Planet Aid takes clothing in any condition, new or used, so that textiles can avoid being dumped in landfills even if they are not reusable as clothing. Clothing donated by individuals to the Planet Aid bins may be written off as tax deductible donations on IRS forms. In order to write off a donation, individuals must print a receipt online and assign a reasonable value for the materials donated. Planet Aid provides a general clothing valuation guide on their website so that people can make an educated guess about how much their donation is worth. In order for a clothing donation to be deductible, the clothing must be in good condition so that it can be resold.

Planet Aid’s use of donated materials includes recycling what cannot be used again, and reselling clothes in good condition for drastically reduced prices internationally. Planet Aid uses the proceeds from these sales to fund development projects in third world countries and improve quality of life in those places. Some of these development projects include education improvement through better technology and resources, disease prevention programs, and more sustainable agriculture methods in impoverished countries. In its 2014 annual report, Planet Aid reports that eighty-five percent of its funds were related to program expenses. Planet Aid also includes information on domestic charitable activities such as donating winter clothes to needy families in the Northeast and aiding recently arrived refugees.

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B.2 USAgain

USAgain is a for-profit organization that seeks to divert textiles from being wasted in landfills so that they can be reused or recycled. The organization was founded in 1999, and its mission is to “provide consumers with a convenient and eco-friendly option to rid themselves of excess clothing.” The clothing is diverted from being wasted and resold both in the United States and abroad. USAgain is headquartered at 1555 W Hawthorne Lane #4W in West Chicago, Illinois. The leadership of USAgain is CEO Mattias Wallander, CFO Steve Baker, and COO Butch Davenport.

USAgain operates over 14,000 clothing drop bins in nineteen states. Businesses can request a bin from USAgain and, in exchange for hosting a bin on their property, USAgain gives a portion of the revenue received from donations back to the business. Generally, in exchange for hosting a USAgain bin, the host will receive five cents per pound of clothing donated. Donations made to USAgain cannot be written off as charitable donations because it is a for-profit organization. The main goal of USAgain is to reuse unwanted clothing, shoes, and linens instead of filling landfills and potentially having a negative impact on the environment. In addition to recycling clothes that are no longer wearable, USAgain sells clothes that are still in good condition to poor countries that may not have the means to buy new clothes.

USAgain is not a charitable organization so the profit that it makes from operations is kept within the business. They contend that making money is still a benefit to the public, however, because they are creating jobs for people to transport the goods. In addition to creating jobs, they are diverting reusable or recyclable linens from landfills which has some environmental benefits.

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B.3 Rock Solid Provisions

Rock Solid Provisions (RSP), is a for profit business founded in 2006. It is located at 169 Maple Avenue Catskill, New York. The CEO, Richard Evans, lives in Rhinebeck, New York.

RSP operates slightly over 400 clothing drop bins, making it considerably smaller than USAgain and Planet Aid. However, RSP operates a large amount of bins in Ulster County including eight in Kingston. RSP bins are available to business owners that fill out a form online but, unlike some other clothing collection bin operators, the business owner must give RSP a guarantee that it will be the only clothing collection bin on that property. RSP works to bring and sell these clothes to developing countries in Africa and Latin America where people cannot afford new textiles. RSP's website: Rocksolidcharity.com states that the proceeds from these sales are used to benefit Christian Education in the United States. RSP also supports other Christian organizations that work to better the lives of individuals in third world countries.

RSP's website URL includes the word charity, but RSP is **not** recognized by the IRS as a charitable organization so donations made to it are not tax deductible. About 90% of the clothing RSP collects is sent out to countries in Africa and Latin America. Similar to the USAgain and Planet Aid, clothing donated in the bins located throughout Ulster County is generally being sent elsewhere to be reused.